



James Marta & Company LLP
Certified Public Accountants
Accounting, Auditing, Consulting, and Tax

Valley Clean Energy Alliance June 30, 2018

Presented by
James Marta, CPA, CGMA, ARPM
Partner

Audit Highlights

- Audit opinion is unmodified
- Management's Discussion & Analysis
- Internal control letter – no material weaknesses.
- Audit covers an 18 month period ending June 30, 2018



Financial Results

- Operating revenues total \$2.8M
 - These revenues represent only one month of electricity sales
- Total expenses \$4.2M
 - Cost of electricity \$2.2M (2.7M-energy cert)
 - Contract Services \$1.3M
- Net Position decreased \$1.4M
- Total assets \$5.9M
 - Includes \$437K of Renewable Energy Certificates (Certificates)
 - Restricted assets \$1.7M
- Total liabilities \$7.4M
 - Accrued cost of electricity \$2.7M
 - Line of Credit \$1.6M
 - Loans from member agencies \$1.5M





2018

ASSETS

Current assets

Cash with fiscal agent	\$ 963,388
Accounts receivable, net of allowance	2,830,161
Inventory - Renewable Energy Credits	436,587
Other current assets and deposits	2,540
Total Current Assets	<u>4,232,676</u>

Noncurrent Assets

Restricted cash	1,100,000
Other noncurrent assets and deposits	600,000
Total Noncurrent Assets	<u>1,700,000</u>
TOTAL ASSETS	<u><u>\$ 5,932,676</u></u>

LIABILITIES

Current Liabilities

Accounts payable	\$ 137,475
Accrued payroll	1,624
Interest payable	61,556
Due to member agencies	534,639
Accrued cost of electricity	2,673,938
Other accrued liabilities	837,294
User taxes and energy surcharges	10,002
Total Current Liabilities	<u>4,256,528</u>

Noncurrent Liabilities

Line of credit	1,600,000
Loans from member agencies	1,500,000
Total Noncurrent Liabilities	<u>3,100,000</u>
TOTAL LIABILITIES	<u><u>\$ 7,356,528</u></u>

NET POSITION

Net position

Unrestricted	\$ (1,423,852)
TOTAL NET POSITION	<u><u>\$ (1,423,852)</u></u>

	2018
OPERATING REVENUE	
Electricity sales, net	\$ 2,820,188
TOTAL OPERATING REVENUES	<u>2,820,188</u>
OPERATING EXPENSES	
Cost of electricity	2,237,352
Contract services	
Contractors	1,313,526
Member agencies	534,639
Staff compensation	17,922
General and administrative	41,939
Other expenses	53,509
TOTAL OPERATING EXPENSES	<u>4,198,887</u>
TOTAL OPERATING INCOME (LOSS)	<u>(1,378,699)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	16,403
Interest and related expenses	(61,556)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(45,153)</u>
CHANGE IN NET POSITION	(1,423,852)
Net position at beginning of period	-
Net position at end of period	<u>\$ (1,423,852)</u>

Letter

- **Communication to those Charged with Governance**
 - No disagreements with management
 - Audit conducted as planned
 - No material weaknesses identified

